

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Hon. Lois H. Goodman
	:	
v.	:	Mag. No. 19-4544
	:	
MOHAMMAD SHAHZAD	:	<u>CRIMINAL COMPLAINT</u>
	:	

I, Brian MacDonald, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

I further state that I am a Postal Inspector for the United States Postal Inspection Service, and that this complaint is based on the following facts:

SEE ATTACHMENT B

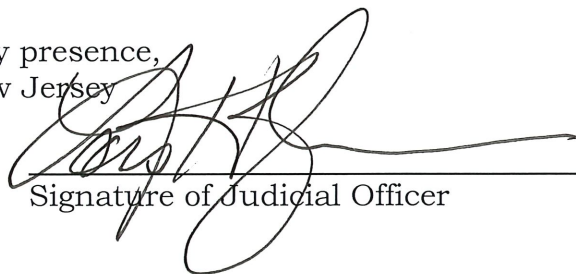
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Brian Macdonald
Postal Inspector
United States Postal
Inspection Service

Sworn to before me and subscribed in my presence,
August 16, 2019 in Mercer County, New Jersey

HONORABLE LOIS H. GOODMAN
UNITED STATES MAGISTRATE JUDGE



Signature of Judicial Officer

ATTACHMENT A

Count One
(Conspiracy to Commit Bank Fraud)

From at least as early as in or around October 2015 through in or around July 2019, in the District of New Jersey, and elsewhere, the defendant,

MOHAMMAD SHAHZAD,

did knowingly and intentionally conspire and agree with others to execute a scheme and artifice to defraud financial institutions, as defined in Title 18, United States Code, Section 20, whose deposits were insured by the Federal Deposit Insurance Corporation, and to obtain monies, funds, assets, and other property owned by and under the custody and control of such financial institutions, by means of materially false and fraudulent pretenses, representations, and promises, contrary to Title 18, United States Code, Section 1344.

In violation of Title 18, United States Code, Section 1349.

ATTACHMENT B

I, Brian Macdonald, am a Postal Inspector with the United States Postal Inspection Service ("USPIS"). I have knowledge about the facts set forth below from my involvement in the investigation, my review of reports, documents, pictures, videos, witness interviews, and discussions with other law enforcement officials. Because this affidavit is submitted for the limited purpose of establishing probable cause, I have not set forth each and every fact that I know concerning this investigation. All statements described in this Criminal Complaint are relayed in substance and in part. In addition, where I assert that an event took place on a particular date, I am asserting that it took place on or about the date alleged.

Relevant Individual and Entities

1. At various times relevant to this Criminal Complaint:

a. Defendant MOHAMMAD SHAHZAD ("**SHAHZAD**") was a resident of Franklin Park, New Jersey.

b. "Victim Bank 1" through "Victim Bank 5" (collectively, "Victim Banks"), were "financial institutions," as that term is defined in Title 18, United States Code, Section 20, offering, among other things, credit cards to customers.

Overview of the Conspiracy

2. Beginning at least as early as in or around October 2015 through in or about July 2019, defendant **SHAHZAD**, and others conspired to create synthetic identities on numerous credit card applications resulting in hundreds of credit cards being mailed to common residential addresses associated with **SHAHZAD**. A synthetic identity is the combination of potentially valid personal identifiable information ("PII") such as social security numbers, with accompanying false PII's such as names and dates of births. Upon obtaining approved lines of credit, **SHAHZAD** and others used the synthetic credit card accounts at various legitimate and collusive merchants resulting in losses of hundreds of thousands of dollars to various financial institutions.

Defendant's Participation in the Conspiracy

3. In or around March 2019, USPIS became aware of a credit card fraud scheme pursuant to a search in a law enforcement financial database. Additional information provided by various financial institutions revealed that multiple fraudulent applications for credit card accounts were filed using similar PII's from the same IP addresses associated with a residential location in

Franklin Park, New Jersey (the “Green Hill Residence”), and Somerset, New Jersey (the “Coventry Lane Residence”). Both addresses are listed as **SHAHZAD’s** former and current residence, respectively.

4. Further, the Social Security Administration Office of Inspector General (“SSA”) queried a sampling of approximately 95 identifiers (names, Social Security Numbers, and dates of birth) used on credit card accounts identified in this investigation through their systems. The search revealed that the combinations of identifiers used on the credit card applications rarely matched the identifiers on file with SSA. USPIS has learned that these applications with synthetic identities were approved and credit cards with lines of credit were sent by Victim Banks via mail to, *inter alia*, the Green Hill Residence and the Coventry Lane Residence.

5. Through the course of the investigation, I found that three (3) merchant companies, identified herein as “Merchant Companies 1 through 3” (detailed below), either completed transactions in the same area, or connected to the same network to communicate with Square.¹

Evidence of Entities Involved in the Scheme

6. **Merchant Company 1:** Documents received by Square (the “Square Documents”) revealed that the merchant account referred to herein as Merchant Company 1 Account was established on May 11, 2017 as a food store business. On February 28, 2018, an iPhone was registered to the account and Square captured a united device ID ending in B7566DAE5D8D. The same device ID was registered to Merchant Company 2 (related entity listed below) in May 2016. A review of the account activity shows eight (8) credit cards were swiped ten (10) times between May 11, 2017 and January 20, 2018 (the “Square Transactions”). Eight (8) of the Square Transactions were successful, totaling approximately \$9,532.00. A review of the GPS location information associated with the Square Transactions shows that the last transaction on January 20, 2018 took place in the area of the Coventry Lane Residence using the IP address 69.142.130.70 (the “Coventry IP address”).

7. **Merchant Company 2:** The Square Documents also showed that a merchant account referred to herein as Merchant Company 2 Account was established on or about October 13, 2015, as a Taxi and Limousine business. The account was registered to Mohammad **SHAHZAD** at the Coventry Lane

¹ Square is a credit card processing company that offers businesses terminals to accept payments through to complete point of sale (POS). Some terminals are mobile and can be linked to mobile devices. Square routinely captures GPS location and IP address information from the terminal during the payment process during its normal course of business. A review of documents provided by Square revealed multiple instances where credit cards transactions were completed to the same three Merchant Companies at the same IP address.

Residence. The Social Security and date of birth information match **SHAHZAD's** known identifiers. On April 1, 2019, an iPhone 10 was registered to the account and listed the name Mohammad. The Merchant Company 2 Account used three bank accounts to receive funds from the credit card transactions processed. Since around October 2015, a checking account at Victim Bank 4 ending in 71328 listed **SHAHZAD** as the account holder. Since May of 2018, Merchant Company 2 Account diverted deposited funds to other co-conspirators. A review of account activity shows approximately 113 credit card swipes between October 13, 2015 through February 7, 2019. Of the 113 swipes, there were 76 successful transactions totaling approximately \$100,172.00. A review of GPS data captured for each transaction shows the POS at the Green Hill Residence between December 29, 2018 and February 7, 2019 using IP address 98.221.82.241. Notably, the transactions in 2018 show the POS at the Coventry Lane Residence using the Coventry IP address.

8. **Merchant Company 3:** Square Documents revealed that a merchant account referred to herein as the Merchant Company 3 Account was established on or about November 17, 2015 as a taxi and limousine business. Square records list three bank accounts into which funds were deposited from each transaction. A review of account activity indicates a total of twenty-five (25) credit card swipes by this merchant between December 24, 2015 and May 31, 2018 totaling approximately \$19,570.00. A review of the GPS data shows the transactions took place at various locations including the Coventry Lane Residence.

9. A review of the credit card transactions revealed that approximately fourteen (14) credit cards were swiped by all three merchants. Based on my training and experience and information learned throughout this investigation, I believe that the merchants are either shell companies, where no legitimate transactions occur, or collusive merchants where illegitimate transactions are hidden among legitimate business transactions. I base this belief on the following: (1) the high-dollar amount transactions conducted by the three entities; (2) Square documents' GPS locator demonstrating that the point of sale for numerous transactions occurred at the same residences; and (3) all three listed entities completed credit card transactions at the same residential IP addresses.

10. On or about July 1, 2019, the Honorable Tonianne J. Bongiovanni, U.S.M.J. signed a warrant authorizing law enforcement to search the Green Hill Residence. Pursuant to that search warrant, USPIS inspectors recovered over 300 credit cards in various names, hand written lists of identities, financial correspondence from Victim Banks and Square merchant accounts.

Losses to the Victim Banks

11. Between January 2018 and April 2019, Victim Bank 1 opened over 200 credit card accounts related in this scheme and suffered a loss amount of approximately \$87, 445.00. Notably, all three of the above-referenced Merchant Companies completed credit card transactions from these accounts.

12. Between December 2017 and June 2019, Victim Bank 2 opened 48 credit card accounts related in this scheme and suffered a loss amount of approximately \$123,860.00. Notably, all three of the above-referenced Merchant Companies completed credit card transactions from these accounts.

13. In August 2018, Victim Bank 3 issued three accounts in this scheme resulting in a loss amount of approximately \$20,000.00. Notably, Merchant Company 2 completed credit card transactions from these accounts.

14. Between December 2017 and January 2019, Victim Bank 4 issued 23 credit card accounts related in this scheme and suffered a loss amount of approximately \$112,887.00. Notably, Merchant Company 3 completed credit card transactions from these accounts.

15. Between December 2016 and January 2019, Victim Bank 5 issued seven accounts related to this scheme resulting in a loss amount of approximately \$8,805.00. Notably, Merchant Company 1 completed credit card transactions from these accounts.